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NO REFERRALS TO GAO, ER&L, JIM Mc, 11/3/03

> Honorable Garl Vinsen, Chairman Committee on Armed Services House of Representatives

JUN 2 1 1962

Bear Mr. Chairman:

By letter dated May 16, 1961, to Hemerable Peul J. Kilday, Chairman, Special Subcommittee, Central Intelligence Apency, Committee on Armed Services, House of Representatives, we reported upon our review of delected activities of Central Intelligence Agency (CIA) for the purpose of determining whether the scape of the audit of the General Accounting Office could be expanded sufficiently to make reasonably comprehensive evaluations of CIA activities. In this letter we stated that under the existing security restrictions on our small of CIA activities we did not have sufficient access to make comprehensive reviews on a continuing basis that would be productive of evaluations helpful to the Congress and that we planted to discontinue the work.

Your letter to us dated May 18, 1961, recommended that the audit not be discontinued at that time and accordingly we have continued our work at CIA despite the severe limitations placed upon us. Our further reviews, confined wholly to cortain units in the Intelligence Component, have not resulted in any change in our views that under existing security restrictions on our audit of CIA activities we do not have sufficient access to effectively accomplish any worthwhile audit objectives at CIA on a continuing basis. We are submitting this letter so that you may consider further our views on this matter at this time.

The limitations placed upon our audit activities at CIA are severe. Following several meetings with the Birector, Control Intelligence Agency, and numbers of his staff, we exchanged correspondence in October 1939, which in essues recognised that an endit of CIA would have to be limited to reviews estaids the areas of sensitive seesrity operations on:

- (1) Expenditures certified by the Director under Section 8 of Contral Intelligence Act of 1949, as amended.
- (2) Cortain activities in support of confidential eperations protected by the authority to the Director under Section 8.

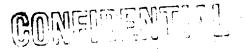
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We agreed that to the extent expenditures were certified by the Director as being of a confidential, axtraordinary, or emergency nature, such expenditures were not subject to examination by the General Accounting Office without the concurrence of the Director. The activities in support of the confidential operations embraced practically all of the administrative operations. Monetheless, we were willing to attempt to make an audit at GIA within the principles stated by the Director in his letter of October 16, 1959, but in our reply dated October 21, 1959, we stated that in the event it appeared after a trial period our reviews were limited to such an extent that we could not effectively and constructively accomplish any worthwhile objectives we would consider whether or not the audit should be continued.

During the ensuing 30 months we undertook to make reviews of selected overt activities as access to the covert activities was not made available to us. In this connection, access to the activities of the Support Component in which we could be expected to be most effective in our reviews was significantly limited because covert and overt activities of this component are integrated. We were not able to review sufficiently financial management, property management, contracting, procurement, and similar activities for any effective appraisal of the administration of these activities. Our access for a review of the internal audit program and reports was very limited and we had no access whatever to the work of the Inspector General; therefore, we were not able to appraise the internal review mechanisms within the Agency. He have had rather complete access to the activities of the Intelligence Component, but the nature of these activities and the lack of complete access to internal review programs and reports has significantly limited our effectiveness in this area.

In undertaking to make reviews at the Central Intelligence Agency, we recognized that the nature of the activities of this Agency presented problems on sufficient breadth of coverage and review of detail for the purpose of reaching sound conclusions. We have made every affort to broaden our review of the activities of the Agency within the limitations which were placed on us, and we wish to assure you that our conclusion that we could not affectively accomplish any worthwhile audit objectives at CIA on a continuing basis was reached only after considering all the factors as we saw them.

To obtain the maximum effectiveness of a General Accounting Office audit of CIA activities, it would be necessary for our audit staff to have nearly complete access to CIA activities. However, we believe it to be possible to perform reasonably comprehensive reviews of CIA activities if we were permitted complete access to the administrative activities, such as financial, procurement, property, and personnel



Approved For Release 2006/10/17: CIA-RDP64B00346R000100150033-2

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memagement and to formal review activities that are performed in support of both assaultive and nonsensitive sperations of CIA.

We appreciate your interest in our work at CIA and the expression of your views on the discontinuance of our work there is invited. We are prepared to discuss these matters further with you.

Sincerely yours,

Comptroller General of the United States

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